

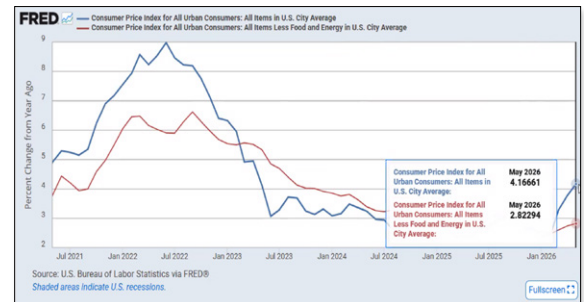
U.S. Economy & Market Perspective

As we move through the second half of 2026, the U.S. economy continues to demonstrate resilience despite ongoing geopolitical uncertainty and periods of market volatility. Labor markets remain healthy, inflation has moderated considerably from prior peaks, and recession concerns continue to appear relatively subdued.

Recent volatility has largely been driven by developments in the Middle East and renewed concerns surrounding energy prices. While these events can create short-term uncertainty, markets have generally viewed them as temporary headwinds rather than indicators of a broader economic slowdown. **As a result, the broader economic backdrop remains constructive, although investors should continue to expect intermittent periods of volatility as markets respond to evolving geopolitical and economic developments.**

Inflation & Interest Rates

Inflation remains one of the most closely watched areas of the economy. Recent oil price increases have raised concerns that higher energy costs could begin filtering through to transportation, manufacturing, and consumer prices. However, inflation data presents a more balanced picture. While headline inflation has experienced modest upward pressure, core inflation measures—which exclude food and energy prices and are closely monitored by the Federal Reserve (Fed)—remain well below the elevated levels experienced over the past several years. As shown to the right, inflation has moderated significantly from its prior peaks, suggesting that recent increases in energy prices have not yet materially changed the longer-term inflation trend.

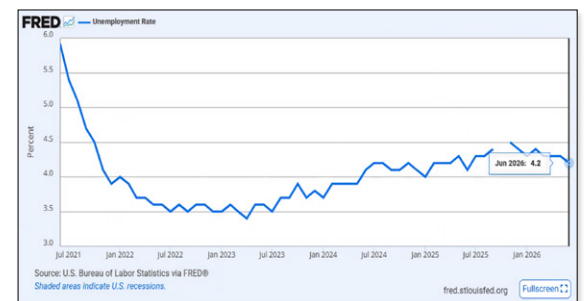


Current market expectations continue to suggest that the Fed will maintain a measured approach to monetary policy. While investors remain focused on inflation developments, markets are not currently pricing in the type of aggressive policy changes typically associated with recessionary environments. Should energy prices stabilize or move lower in the coming months, inflation concerns could continue to ease and provide a more favorable backdrop for both consumers and financial markets.

Labor Market Conditions

The labor market continues to be one of the strongest areas of the economy. Although employment conditions have softened modestly from historically tight levels, current readings remain consistent with a healthy economic environment. The unemployment rate has largely stabilized near 4.2%, remaining within a range that has historically supported continued economic growth and consumer spending.

Stable employment conditions remain particularly important because consumer spending continues to represent the largest component of U.S. economic activity. As long as labor markets remain relatively healthy, household income and spending should continue to provide support for the broader economy.



Market Volatility & Long-Term Trends

Geopolitical developments and inflation concerns have contributed to periods of increased market volatility throughout the year. However, markets have continued to demonstrate resilience and have largely recovered from the pullbacks experienced earlier this spring. Markets rarely move in a straight line, and periods of consolidation are a normal component of longer-term market cycles. While volatility may continue in the near term, current economic conditions do not suggest a significant deterioration in underlying fundamentals. If geopolitical tensions continue to moderate and energy prices remain contained, one of the larger near-term headwinds facing markets may begin to diminish.

Artificial Intelligence & Investment Opportunities

Artificial intelligence continues to represent one of the most significant long-term investment themes in today's market environment. Investment in AI infrastructure, semiconductors, data centers and related technologies remains robust, and the long-term applications of this technology continue to expand across numerous industries.

As with previous technological innovations, there will likely be both winners and losers. However, the broader implications for productivity, efficiency and economic growth remain substantial. Over time, leadership within the AI theme may broaden beyond semiconductors and infrastructure-related companies and expand into additional areas of the economy as adoption continues to increase.

For investors interested in gaining exposure to this evolving theme, Capstone RIA continues to offer dedicated investment solutions focused specifically on artificial intelligence-related opportunities.



Portfolio Strategy — What This Means for Investors

Periods of uncertainty often reinforce the importance of maintaining a disciplined, long-term investment strategy. Attempting to react to every headline or short-term market movement can make it difficult to remain focused on long-term financial goals.

Diversification, maintaining appropriate risk exposure and avoiding emotional decision-making continue to remain key principles during periods of volatility. While geopolitical developments may create temporary uncertainty, longer-term market performance has historically been driven more by economic growth, earnings and innovation than by short-lived events.

Our focus remains on positioning portfolios to participate in long-term opportunities while helping manage risk during periods of market uncertainty.



Looking Ahead

While geopolitical developments and inflation concerns may continue to create periods of uncertainty, several important areas of the economy remain supportive. Labor markets remain healthy, inflation has moderated considerably from prior peaks, and recession expectations continue to appear relatively low.

Although volatility should be expected in the months ahead, current economic conditions continue to support a constructive longer-term outlook for investors.

As always, maintaining a disciplined investment approach and remaining focused on long-term financial objectives continues to be one of the most effective ways to navigate changing market conditions.

Are you an employee or retiree with extended years invested in your benefits that's not currently working with us? Let us help you take control of your financial future with straightforward guidance on optimizing contributions, allocation models, and benefit elections. **Contact us to schedule a meeting.**

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